



LOUISVILLE METRO DEPARTMENT OF
**COMMUNITY SERVICES
AND REVITALIZATION**

Lead-Safe Louisville Project Program Guidelines

(Revised October 7, 2013)

I. PROJECT PURPOSE

The purpose of the Lead-Safe Louisville Project (LSL) is to eliminate lead hazards that exist in both owner-occupied and rental units in the Metro Louisville area, especially those in which pregnant women or children under six years of age reside.

II. PROGRAM ELIGIBILITY CRITERIA

A. ELIGIBLE UNITS

Any unit built prior to 1978 may be deemed an eligible unit by the Lead-Safe Louisville Program provided that all other qualifications are met. The unit may be owner-occupied or tenant-occupied.

B. HOUSEHOLD COMPOSITION

In order to receive assistance from the Lead-Safe Louisville Project for a single family unit, a child under the age of 6 years old must either permanently reside in the house or visit the house at least 6 hours per week and at least 2 days per week or a pregnant woman must reside on the property.

C. INCOME QUALIFICATIONS

All income determinations for the Lead-Safe Louisville program will be based on the total annual household income of the OCCUPANTS of the units. In determining income eligibility, any and all sources of income received by any and all members of the household must be reported. This includes, but is not limited to, regular and self-employment income, Unemployment Insurance Benefits (UIB), retirement/pension funds, Veterans benefits (VA), alimony, and financial payments received on behalf of minor children in the house (e.g., child support, Kentucky Transitional Assistance Program (KTAP), Supplemental Security Income (SSI), Retirement, Survivors,

And Disability Insurance (RSDI /SSA), Kinship Care, Foster Care and Adoption Subsidies). The inclusion or exclusion of income sources and amounts will be determined by the IRS Form 1040 method (24 CFR) definition (see Appendix A) of income calculation established by the Federal Department of Housing and Urban Development (HUD).

LSL will verify income by review of documentation (e.g., paystubs, award letters) and third party verifications (e.g., employers, banks, public assistance agencies). All income documentation must be current (within the past six months).

- 1) *Single Family Units* – All owner-occupied and tenant-occupied households considered as potential participants in the Lead-Safe Louisville Program must be at or below 80% of the area median income guidelines as established by HUD (see Appendix B).
- 2) *Multi-Family Units* – In order for a multi-family unit to qualify for the Lead-Safe Louisville Program, each household occupying each individual unit must apply individually and meet the established income limits. No less than 50% of the occupied units comprising the multi-family complex must be occupied by households with total annual incomes that are at or below 50% of the area median income (as determined by HUD). The remaining 50% of occupied units comprising the multi-family complex must be occupied by households with total annual income that are at or below 80% of the area median income (as determined by HUD).

D. REQUIRED DOCUMENTATION

Applicants must provide a complete application in order to be eligible for LSL services. Applications for assistance will NOT be considered complete until ALL requested documentation has been received in office by the LSL staff. Upon receipt of a complete application, applicants will be notified of their conditional acceptance into the program. Acceptance into the program does NOT guarantee that lead repair work will be performed. Conditionally accepted applications may be canceled later in the process due to title issues/liens against the property (see Appendix C), failure to pay property taxes, changes in the household composition, findings of the lead inspection/risk assessment (e.g. no lead hazards), cost/lack of funding¹, and applicant failure to comply with Lead-Safe Louisville policy requirements. Because LSL funding is provided by a federal grant from HUD, funds are limited and may be depleted before lead repair work is able to take place for all conditionally approved applications. In the event of the aforementioned occurrence, conditionally approved

applicants will be notified of their option to re-apply during the following grant cycle.

Participation in the Lead-Safe Louisville Program requires receipt of the following documentation.

1) *Owner-Occupied Single Family Units*

- a. Program Application (signed by property owner)
- b. Program Checklist (signed by property owner)
- c. Verification of all household income²
- d. Verification of all household bank (checking and/or savings) account deposits and activity³
- e. Verification of Social Security numbers of all household members
- f. Verification of Property Insurance (Declarations page)

2) *Tenant-Occupied Single Family Units*

Occupant household:

- a. Program Application (signed by occupant Head of Household)
- b. Program Checklist (signed by occupant Head of Household)
- c. Verification of all household income²
- d. Verification of all household bank (checking and/or savings) account deposits and activity³
- e. Verification of Social Security numbers of all household members

Property Owner:

- a. Program Application (signed by property owner)
- b. Verification of Property Insurance (Declarations page)

¹ All projects with in-house estimates over \$19,000 per unit require approval from HUD

² A signed affidavit of no income will be required by household members over the age of 18 years who deny having any income

³ A signed affidavit of no bank accounts will be required by household members over the age of 18 years who deny having any bank accounts

3) *Multi-Family Units*

Each Occupant household:

- a. Program Application (signed by occupant Head of Household)
- b. Program Checklist (signed by occupant Head of Household)
- c. Verification of all household income²
- d. Verification of all household bank (checking and/or savings) account deposits and activity³
- e. Verification of Social Security numbers of all household members

Property Owner (Investor):

- a. Program Application (signed by property owner)
- b. Verification of Property Insurance (Declarations page)
- c. Current rent roll indicating the status of each unit (e.g., occupancy status, household composition, household income)
- d. Current proforma

¹ All projects with in-house estimates over \$19,000 per unit require approval from HUD

² A signed affidavit of no income will be required by household members over the age of 18 years who deny having any income

³ A signed affidavit of no bank accounts will be required by household members over the age of 18 years who deny having any bank accounts

III. PROCEDURES OVERVIEW

A. APPLICATION PROCESS

- Within 30 days of the initial inquiry, a site visit is scheduled for a preliminary inspection of obvious signs of lead hazards. During the site visit, an interview is conducted and an application is given to the client. During periods of limited staff availability, initial site visits will be postponed, over-the-phone interviews will be conducted, and applications will be mailed
- Once a completed application is received, it will be reviewed and approved or denied by the Lead Team within 30 days.
- A denial letter is sent notifying the client if they are not eligible for the program within 30 days of determination of denial.
- A Lead Team member will contact an approved client to schedule an appointment for a lead inspection/ risk assessment of the subject property within 30 days of determination of approval.

B. RISK ASSESSMENT AND WORK WRITE-UP

- An environmental hazard company will conduct a lead inspection/risk assessment of the home (within 90 days of determination of approval).
- The Lead Hazard Control Advisor prepares a work write-up, based on the risk assessment, and cost estimate (within one year of receipt of results of inspection/risk assessment).

C. CONTRACTOR SELECTION

- Contractors will be solicited to bid on project.
- Each contractor will be asked to supply a price quote to make all listed repairs using lead-safe work practices.
- The price quote submitted by the contractors must be no greater than 10% over the LSL Project's in-house cost estimate. In the event that a price quote is more than 10% over, LSL may approach the contractor about lowering their cost or may reject their bid.
- LSL Project staff will review each bid and issue final contract award.
- Verification that the selected contractor is not on the HUD debarment list portion of the Excluded Parties List System shall be obtained by LSL staff and placed in the applicant's file before construction begins.

D. OCCUPANT PROTECTION AND RELOCATION

- Relocation needs are identified by the risk assessor and/or outlined in the Project Design.
- The Outreach Specialist schedules relocation activities and advises the client and/or occupants.
- For single family occupants unable to relocate with family/friends, the grant will provide for relocation to a hotel/suite in close proximity as possible to their home.

E. COMPLETION OF WORK

- Once a case is approved, a contract will be executed and signed by the property owner and the contractor.
- The contractor will have thirty (30) days to complete the work stated in the contract.
- When the contractor completes the work, he/she will call LSL Project staff to schedule a final inspection.
- The final inspection will be made by a staff inspector to determine if all work has been completed per the contract.
- The wipe samples will be sent to a certified lab for analysis.
- If the results reveal an unacceptable level of lead dust contamination, the contractor will be required to re-clean the areas previously tested with unacceptable results at his/her own expense.
- Retesting may be at the contractor's expense.
- The contractor will not be paid until the home passes the lead clearance test.

F. PAYMENT

- When acceptable results are achieved, the contractor signs the release stating no liens will be filed against the property.
- The property owner signs the release stating work is complete and to their satisfaction.
- LSL Project staff will submit the release, signed by the contractor, property owner, Lead Hazard Control Advisor and Program Manager, and the invoice to the Business Office for payment processing.



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APPENDIX A

IRS Form 1040 Definition Types of Income to Count

Once the gross income figure is obtained, applicable deductions are then subtracted to arrive at the household's "adjusted gross income." To determine if a household may take any of the deductions and in what amount, the PJ should follow the instruction provided with IRS Form 1040. These deductions may include:

- IRA deductions,
- Medical savings account deductions,
- Moving expenses,
- One-half of self-employment taxes,
- Self-employed health insurance deductions,
- KEOGH and self-employed SEP and SIMPLE plans,
- Penalties on early withdrawal of savings, and
- Paid alimony.

1040 Long Form Income

This lists the inclusions and exclusions of IRS Form 1040 income.

Inclusions

1. Wages, salaries, tips, etc.
2. Taxable interest.
3. Dividends.
4. Taxable refunds, credits or offsets of State and local income taxes. There are some exceptions - refer to Form 1040 instructions.
5. Alimony (or separate maintenance payments) received.
6. Business income (or loss).
7. Capital gain (or loss).
8. Other gains (or losses) (i.e., assets used in a trade or business that were exchanged or sold).
9. Taxable amount of individual retirement account (IRA) distributions. (Includes simplified employee pension [SEP] and savings incentive match plan for employees [SIMPLE] IRA.)
10. Taxable amount of pension and annuity payments.
11. Rental real estate, royalties, partnerships, S corporations, trusts, etc.
12. Farm income (or loss).
13. Unemployment compensation payments.
14. Taxable amount of Social Security benefits.
15. Other income. (Includes: prizes and awards; gambling, lottery or raffle winnings; jury duty fees; Alaska Permanent fund dividends; reimbursements for amounts deducted in previous years; income from the rental of property if not in the business of renting such property; and income from an activity not engaged in for profit).



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Exclusions

1. Child support.
2. Money or property that was inherited, willed or given as a gift.
3. Life insurance proceeds received as a result of someone's death

Using Previously Filed 1040

If a household has submitted an IRS Form 1040 to the IRS for income tax purposes and that form is less than six months old, a PJ may use the form to determine the eligibility of the applicant for HOME programs. However, using the actual tax return has the following implications:

1. PJs must ensure that IRS Form 4506 "Request for Copy of Tax Form" is completed and signed.
2. PJs are required to determine if any of the circumstances as reported on the form have changed or will change in the upcoming 12 months and to make such adjustments. For example, if the applicant received a raise at his/her job since the submission of the tax return, the current income figure should be used to determine eligibility.
3. PJs must ensure that everyone in the household is represented through the use of the tax return. For example, if a husband and wife file a joint return, but their adult son that resides with them files a separate return, the tax return of the husband and wife would not be sufficient for determining income.

Treatment of Assets

Income from certain assets must be carefully considered when calculating income under the IRS Form 1040 definition of adjusted gross income.

The current list of IRS Form 1040 inclusions and exclusions includes the following types of income from assets in the income calculation:

- Taxable interest,
- Dividends,
- Prizes, awards, and
- Gambling, lottery, or raffle winnings.

The primary difference between the **Part 5** and the IRS Form 1040 definitions of annual income is in the treatment of assets. The calculation of IRS Form 1040 annual income does not require the **asset calculations** necessary when using the Part 5 definition.

In addition, some types of assets are not included in the IRS Form 1040 calculation. Examples include:

- Life insurance proceeds, and
- Inherited money or property



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APPENDIX B

Income Limits for Lead-Safe Louisville Project
Effective December 11, 2012

INCOME LEVEL	1 PERSON	2 PERSONS	3 PERSONS	4 PERSONS	5 PERSONS	6 PERSONS	7 PERSONS	8 PERSONS
50% OF MEDIAN	\$21,250	\$24,300	\$27,350	\$30,350	\$32,800	\$35,250	\$37,650	\$40,100
80% OF MEDIAN	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,350	\$60,250	\$64,100



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APPENDIX C

UNDERWRITING

1. Prior to underwriting, the following conditions must be met:
 - a. Applicant and/or co-applicant must have legal ownership for the property in which the application has been made.
 - b. There must not be more than one existing mortgage reflected on the title search. (LSL may proceed with management approval).
 - c. There must be no foreclosure action against participating unit.
 - d. Mortgage amount must not exceed property value amount (LSL may proceed with management approval).
 - e. Applicant and/or co-applicant must have no government liens against the property.
 - f. Property taxes must be current.
 - g. Applicant must provide proof of homeowners and/or fire insurance.
 - h. For applicants and co-applicants who have filed Chapter 7 Bankruptcy, the bankruptcy must be discharged for one year before LSL may provide services.
 - i. Applicants and co-applicants who have filed Chapter 13 Bankruptcy must acquire permission from the Courts to incur another debt.
 - j. Total household income must be within HUD income guidelines.
 - k. Lead repair costs must not exceed 75% of PVA value (LSL may proceed with management approval)